

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2021

Docket No. ACR2021

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-2 OF CHAIRMAN'S INFORMATION REQUEST NO. 21**

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 21, issued on February 25, 2022. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1. On March 23, 2021, the Postal Service issued the Delivering for America plan, which was a new strategic plan to achieve financial sustainability and service excellence over the next 10 years. In the FY 2021 Annual Report, the Postal Service states it “established strategic goals as described in the Delivering for America plan. To help achieve these goals, the organization has implemented a portfolio of strategic initiatives and a rigorous portfolio management process.” FY 2021 Annual Report at 52.
 - a. In Docket No. ACR2020, the Postal Service stated, “The Delivering for America plan aims to realize our goals to Achieve Service Excellence and Financial Sustainability while providing Excellent Customer Experiences and a Safe Workplace and Engaged Workforce.” Please confirm that these goals are the strategic goals established in the Delivering for America plan. If not confirmed, please identify, and describe each strategic goal in the Delivering for America plan.
 - b. Please explain how the strategic initiatives will help achieve the strategic goals in the Delivering for America plan.

RESPONSE:

- a. Confirmed. The Annual Report to Congress (page 32, Section Corporate-wide Goals and Targets) used the term “corporate performance outcomes” to represent the goals the Postal Service aims to achieve with the strategies laid out in the Delivering for America Plan. As required by Title 39 in the United States Code Sections 2803-2804, the Postal Service has established performance measures and annual targets for each of these outcome goals.
- b. The table outlined on page 53 of the FY 2021 Annual Report identifies the strategic initiatives described in the Delivering for America Plan and indicates which of these goals each initiative primarily supports. The response below to question 2.a. provides a description of each strategic initiative; the response to 2.b contains the specific performance measures and annual targets the Postal Service aims to achieve.

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2. The *FY 2021 Annual Report* lists the Postal Service's FY 2021 and FY 2022 strategic initiatives. *FY 2021 Annual Report* at 53. The Postal Service states, "[e]ach strategic initiative has a specific set of measures to track performance aligned to optimize short-term performance and build long-term capabilities." *Id.* at 52.
- a. Please provide a public description or definition for each strategic initiative.¹
 - b. Please provide the performance measures the Postal Service will use to track the performance of each strategic initiative in FY 2022. Please include FY 2022 targets, if applicable.

RESPONSE:

- a. The description of the 12 strategic initiatives summarized on page 32 and 53 of the FY 2021 Annual Report are as follows:

- **Strengthen the value of mail and sustain public service mission, including 6-day mail delivery:** This initiative increases the value of mail to senders by using new data-driven tools and promoting digital integration. It also develops new programs, resources, and offerings that benefit businesses of all sizes, including enhancements of Informed Delivery and Informed Visibility and mail promotions and incentives. Please refer to pages 24-25 of the Delivering for America plan for additional information.
- **Implement service standards that achieve service excellence 95% of the time:** This initiative modifies existing service standards for First-Class Mail Letters and Flats from a 1 to 3-day service standard within the continental United States to a 1 to 5-day service standard. It also modifies existing service

¹ The Postal Service previously described each strategic initiative in its *FY 2020 Annual Report to Congress*. See Docket No. ACR2020, Library Reference USPS-FY20-17, December 29, 2020, file "FY2020 Annual Report.USPS.FY20.17.Rev.5.14.2021.pdf," at 57.

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standards for First-Class Package Service. Please refer to pages 25-27 of the Delivering for America plan for additional information.

- **Innovate and launch USPS Connect:** This initiative supports a new product offering, USPS Connect, which is a diverse suite of scalable and customizable solutions for businesses to reach their customers, including Local, Regional, National, and Returns offerings. Please refer to pages 22-24 of the Delivering for America plan for additional information.
- **Implement a fully optimized surface and air transportation network:** This initiative transforms our surface and air transportation network to become more efficient and predictable by redesigning the surface transportation network, reducing reliance on air transportation for certain classes of mail, and deploying a state-of-the-art platform for end-to-end execution of a unified logistics operation. Please refer to page 30 of the Delivering for America plan for additional information.
- **Modernize delivery vehicle fleet, and with Congressional support, implement electric fleet by 2035:** This initiative focuses on upgrading the fleet, including the purchase and deployment of the Next Generation Delivery Vehicles. It also leverages new technology to improve safety and comfort and increase delivery efficiency by providing more space for mail and packages. Please refer to pages 32-33 of the Delivering for America plan for additional information.
- **Implement best-in-class processing operations:** This initiative modernizes our operating plans and invest in our logistics and processing network, including processing equipment investments, technology upgrades, and facility footprint

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realignment. Please refer to pages 27-29 of the Delivering for America plan for additional information.

- **Implement best in-class delivery operations:** This initiative enhances our delivery operations through driving operational precision, optimizing delivery units, modernizing route structures, investing in our people, technology, and systems, and deploying sortation equipment to delivery units. Please refer to pages 30-31 of the Delivering for America plan for additional information.
- **Implement a modern, transformed network of retail Post Offices:** This initiative transforms retail locations to become a destination center for local business providing expert shipping and mailing solutions, including the alignment of our retail locations to meet evolving customer needs. It also expands partnerships with government partners to provide additional services to include passport services and fingerprint / biometric capture. Please refer to pages 34-35 of the Delivering for America plan for additional information.
- **Stabilize and empower workforce to include reducing pre-career turnover:** This initiative positions the Postal Service as an employer of choice that hires, develops, and retains capable and diverse employees. This will be accomplished by reducing non-career employee turnover by half, expanding career planning programs, elevating front-line leadership capabilities, establishing an Executive Diversity Council, and enhancing employee safety and wellbeing. Please refer to pages 37-38 of the Delivering for America plan for additional information.
- **Align organizational structure to support effectiveness:** This initiative designs a high-performing organization with greater line of sight from strategy to

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business outcomes focusing on Retail and Delivery, Logistics and Processing, and Commerce and Business. This initiative is focused on accepting and delivering mail more efficiently, processing mail and packages more efficiently, and utilizing our infrastructure to enable growth, respectively. Please refer to pages 35-36 of the Delivering for America plan for additional information.

- **Implement a more rational pricing approach including a judicious implementation of new and existing pricing authorities:** This initiative helps align the organization's pricing strategies with operational and marketplace needs through the utilization of new Commission rules on market-dominant pricing above CPI and reviewing all competitive postal products and services for opportunities to drive higher revenue based on needs. Please refer to pages 38-39 of the Delivering for America plan for additional information.
- **Support legislative and administrative actions:** This initiative helps position the organization with a legislative and administrative framework that aligns with organizational needs. This includes requests requiring the integration of Medicare with USPS Health Plans, eliminating pre-funding obligations stemming from the PAEA, and correction of the unfair allocation of CSRS benefits for legacy Post Office Department employees. Please refer to page 39 of the Delivering for America plan for additional information.

b. To assess performance in implementing each strategic initiative, the Postal Service continuously measures its variance against the critical milestones to achieve its intended corporate performance outcomes / goals, measures, and annual targets. The

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tables below list the primary supported goals, measures, and annual FY 2022 targets for each of the strategic initiatives contained in the DFA and the ARC.

Strategic Initiative Strengthen value of mail and sustain public service mission, including 6-day mail delivery.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Excellent Customer Experience	Customer Experience Composite Index	72.99
	Business Service Network (BSN)	97.33
	Point of Sale (POS)	87.46
	Delivery	80.94
	Customer Care Center (CCC)	63.02
	Customer 360 (C360)	40.05
	usps.com	73.41
	Business Mail Entry Unit (BMEU)	96.72
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

Strategic Initiative Implement service standards that achieve service excellence 95% of the time.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
High-Quality Service	Single-Piece First-Class Mail	
	Two-day	90.25
	Three-to-five-day	90.00
	Presort First-Class Mail	
	Overnight	94.75
	Two-day	93.00
	Three-to-five-day	90.50
	First-Class Mail Letter and Flat Composite (FCLF)	91.00
	Marketing Mail and Periodicals Composite	91.50
	Market Dominant Composite	91.25
	Competitive Product Composite	Not Public ⁱ
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

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Strategic Initiative Innovate and launch USPS Connect.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
High-Quality Service	Competitive Product Composite	Not Public ⁱ
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

Strategic Initiative Implement a fully optimized surface and air transportation network.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
High-Quality Service	Single-Piece First-Class Mail	
	Two-day	90.25
	Three-to-five-day	90.00
	Presort First-Class Mail	
	Overnight	94.75
	Two-day	93.00
	Three-to-five-day	90.50
	First-Class Mail Letter and Flat Composite (FCLF)	91.00
	Marketing Mail and Periodicals Composite	91.50
	Market Dominant Composite	91.25
	Competitive Product Composite	Not Public ⁱ
Excellent Customer Experience	Customer Experience Composite Index	72.99
	Business Service Network (BSN)	97.33
	Point of Sale (POS)	87.46
	Delivery	80.94
	Customer Care Center (CCC)	63.02
	Customer 360 (C360)	40.05
	usps.com	73.41
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Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

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Strategic Initiative Modernize delivery vehicle fleet, and with Congressional support, implement electric fleet by 2035.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Safe Workplace and Engaged Workforce	Total Accident Rate	13.45
	Grand Mean Engagement Score	3.38
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

Strategic Initiative Implement best-in-class processing operations.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
High-Quality Service	Single-Piece First-Class Mail	
	Two-day	90.25
	Three-to-five-day	90.00
	Presort First-Class Mail	
	Overnight	94.75
	Two-day	93.00
	Three-to-five-day	90.50
	First-Class Mail Letter and Flat Composite (FCLF)	91.00
	Marketing Mail and Periodicals Composite	91.50
	Market Dominant Composite	91.25
	Competitive Product Composite	Not Public ⁱ
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

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Strategic Initiative		
Implement best-in-class delivery operations.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
High-Quality Service	Single-Piece First-Class Mail	
	Two-day	90.25
	Three-to-five-day	90.00
	Presort First-Class Mail	
	Overnight	94.75
	Two-day	93.00
	Three-to-five-day	90.50
	First-Class Mail Letter and Flat Composite (FCLF)	91.00
	Marketing Mail and Periodicals Composite	91.50
	Market Dominant Composite	91.25
	Competitive Product Composite	Not Public ¹
Excellent Customer Experience	Customer Experience Composite Index	72.99
	Business Service Network (BSN)	97.33
	Point of Sale (POS)	87.46
	Delivery	80.94
	Customer Care Center (CCC)	63.02
	Customer 360 (C360)	40.05
	usps.com	73.41
	Business Mail Entry Unit (BMEU)	96.72
Safe Workplace and Engaged Workforce	Total Accident Rate	13.45
	Grand Mean Engagement Score	3.38
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

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Strategic Initiative Implement a modern, transformed network of retail Post Offices.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Excellent Customer Experience	Customer Experience Composite Index	72.99
	Business Service Network (BSN)	97.33
	Point of Sale (POS)	87.46
	Delivery	80.94
	Customer Care Center (CCC)	63.02
	Customer 360 (C360)	40.05
	usps.com	73.41
	Business Mail Entry Unit (BMEU)	96.72
Safe Workplace and Engaged Workforce	Total Accident Rate	13.45
	Grand Mean Engagement Score	3.38
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

Strategic Initiative Stabilize and empower workforce to include reducing pre-career turnover.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Safe Workplace and Engaged Workforce	Total Accident Rate	13.45
	Grand Mean Engagement Score	3.38

Strategic Initiative Align organizational structure to support effectiveness.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

Strategic Initiative Implement a more rational pricing approach including a judicious implementation of new and existing pricing authorities.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

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Strategic Initiative		
Support legislative and administrative actions.		
Corporate Performance Outcome / Goals	Measure	FY 2022 Target
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.10)

ⁱ Targets for FY 2022 for competitive products have been provided under seal within the Annual Compliance Report in USPS-FY21-NP30.